



The New York Times
nytimes.com

March 18, 2011

Trade Unions in City Confront a Rise in Nonunion Projects

By [CHARLES V. BAGLI](#)

A luxury apartment building is rising at 23rd Street and 10th Avenue, and, across town, one is being created inside an old [Salvation Army](#) building overlooking Gramercy Park. Other residential buildings and hotels are going up on 11th Avenue, West 18th Street and East 23rd Street.

All are signs that New York City's real estate industry is clawing out of the recession. But they are noteworthy for another reason: they are being constructed without any union labor.

For most of the last century, the city's construction unions were a symbol of labor strength in a pro-labor town, and their involvement in large projects was almost never in doubt. But just as public employees' unions across the country are in the fights of their lives, the city's major building unions are facing their own moment of reckoning.

While they are still a major presence, their share of the city's \$20 billion to \$30 billion in annual construction work has dropped significantly in recent years. There are no official statistics; according to unionized construction companies, two out of five construction jobs in the city are now nonunion, though unions put the number at one in four. All agree that for many years, at least 85 percent of building jobs were union ones.

And the companies and unions are about to enter what may be their most tense contract negotiations in years, with the employers demanding large concessions and already

angering labor leaders by taking their campaign directly to the workers with [a Web site](#) and in small group meetings around the city; subway ads may also be forthcoming.

“There’s enough pressure on everybody,” said Bobby Bonanza, business manager for the [Mason Tenders District Council](#), which represents about 13,000 workers affected by the contracts. “We don’t need another Wisconsin in this town.”

The employers have backed off an initial demand for wage cuts, but they are still aiming for a 25 percent cut in labor costs, by reducing benefits and changing some work rules. They say these changes would allow them to better compete with nonunionized companies, which are winning jobs from developers because their costs are 20 to 30 percent cheaper.

“A combination of market erosion and the recession has permanently changed the financial structure of real estate in New York City,” said Louis J. Coletti, president of the [Building Trades Employers’ Association](#). “This is not about a race to the bottom. It’s about our common enemy: nonunion contractors.”

All told, the negotiations involve 30 different unions and as many as 60,000 steamfitters, ironworkers, crane operators, laborers and carpenters. Union leaders say they have made numerous concessions since the recession started, including wage freezes on non-Manhattan projects, that have reduced overall labor costs by as much as 20 percent. But, they say, employers are now trying to increase profits by cutting benefits and exaggerating the loss of market share at a time when the national political climate has turned against unions.

Not so long ago, starting a large construction job, particularly in Manhattan, with nonunion labor was considered a provocation likely to ignite a pitched battle with carpenters, ironworkers and laborers intent on closing down the job. But during the building boom of the late 1990s and most of the last decade, there was enough work to go around that union workers were not terribly bothered if some jobs went nonunion.

But as the cost of land and construction materials skyrocketed, some developers began to become more cost-conscious and began looking for savings in labor costs, particularly by choosing cheaper nonunionized contractors. And lenders began to scrutinize costs more closely.

The unions and unionized employers argue that union laborers are more skilled and safer than nonunion laborers, and that it is far easier to mobilize large numbers of workers when they are organized. But over the last few years, nonunion construction companies like [Flintlock](#) became skilled in putting up midsize 10- to 30-story buildings, the kind of building where, along with interior finishing and renovation, the unions have been losing most of their market share.

Unionized contractors still have a lock on megaprojects like big office towers, including those under construction at the World Trade Center. But union leaders, construction executives and developers are closely watching a project in Long Island City, Queens, where [H. Henry Elghanayan](#), a residential developer whose company traditionally uses union contractors, is expected to select a nonunion outfit to build a large complex with 700 apartments.

“If traditional construction managers that stuck with the unions start losing nine-figure jobs,” said one executive of a union contractor, who refused to be named so as not to further anger the unions, “that’s a game changer.”

Mr. Elghanayan said in an interview that he had yet to select a contractor. But, he added, “Everyone’s pressing to get total development costs down.”

David Von Spreckelsen, vice president of [Toll Brothers](#), said his company built the first of two towers at its Northside Piers project in Williamsburg, Brooklyn, with union contractors. But as construction costs escalated in 2008, [Toll Brothers](#) turned to a nonunion contractor for the second tower, prompting unions to protest with five giant inflatable rats. The company now has three apartment buildings under construction in Manhattan with nonunion labor.

And this week, the developer of the [Atlantic Yards](#) megaproject in Brooklyn said it was seriously considering using a [prefabricated method](#) to build its residential high-rise. While most of the workers would be unionized, there would be fewer of them and they would earn less money because much of the labor would be done in a factory, where wage scales are lower than on the site.

The construction unions have long been the backbone of the city’s blue-collar middle class. A journeyman carpenter, for example, is now paid \$46 an hour, with health, pension and other benefits bringing the total cost to \$85. The total compensation for mason tenders, a less skilled position, is \$58.

“We make a good salary, probably more than most office workers,” said Marc Spring, a union plumber for 25 years whose father was a union plumber for 40 years. “But we work harder than they do, out in the elements.”

Mr. Spring acknowledged that “times were tough,” one reason that his local had already made concessions. Still, Mr. Spring said, he resents the constant talk of givebacks. “I don’t see how the developers aren’t making money,” he said.

Besides some benefit reductions, the employers want changes in some decades-old work rules, beginning with overtime. Workers now earn double pay for overtime; the construction companies want to reduce it to time and a half.

On most jobs, the workday starts when workers arrive at ground level, but on large jobs with many men sharing a hoist, it can take another half-hour to reach the actual work site on a high floor, and another half-hour to descend at the end of the day. Employers are proposing that workers be paid only from the time they reach their station to the time they leave it, and some unions have already agreed to this change.

They also want to end a requirement by the operating engineers, who operate cranes, bulldozers and other heavy equipment, that three workers be in place to work even when only one is needed. Although they are a tiny fraction of the work force, they are the highest-paid, often earning well over \$200,000 a year, including overtime.

James Conway, an official of Local 14 of the Operating Engineers, declined to comment.

The employers, however, are wary of pressing too hard, because a strike by just one union could be enough to shut down many of the city’s major construction projects.

And despite the animosity among the unions and their employers, [Ruth Milkman](#), a sociology professor at the CUNY Graduate Center who studies unions, said they have an important common ground. “Once you allow nonunion, lower-cost bidders to undercut the unions, it threatens everybody,” Professor Milkman said. “So there is a mutual interest at work here.”